

# FORMS MANUAL INSERT

# FORM RD 440-34

Form RD 440-34  
(Rev. 10-00)

Position 5

FORM APPROVED  
OMB NO. 0575-0172

## UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT FARM SERVICE AGENCY

### OPTION TO PURCHASE REAL PROPERTY

1. In consideration of the sum of \$ \_\_\_\_\_ in hand paid and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned (hereinafter called the "Seller"), who covenants to be the owner thereof, hereby, for the Seller and the Seller's heirs, executors, administrators, successors and assigns, offers and agrees to sell and convey to

(Name and Address)

(hereinafter called the "Buyer"), and hereby grants to the said Buyer the exclusive and irrevocable option and right to purchase, under the conditions hereinafter provided, the following-described property, located in \_\_\_\_\_

County, State of \_\_\_\_\_  
(Insert here full and complete legal description, including volume and page where recorded, of the property including any water rights and water stock being purchased.)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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Used by the applicant/  
borrower to obtain  
option on real property  
to be purchased.

(see reverse)

#### PROCEDURE FOR PREPARATION

: RD HB-1-3550 and RD HB-2-3550.  
FSA transferred Instructions 1943-A and 1943-B.

#### PREPARED BY

: Applicant.

#### NUMBER OF COPIES

: Original and two copies. (Original and three - Extra copy will be prepared for Attorney when the Agency so desires).

#### SIGNATURES REQUIRED

: Original and one copy by seller and applicant.

#### DISTRIBUTION OF COPIES

: Original to applicant's loan docket; signed copy to seller; copy to applicant and copy to Attorney, if prepared.

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The title to said property is to be conveyed free and clear of all encumbrances except for the following reservations, exceptions and leases, and no others:

(Insert here a full statement of all reservations, exceptions and leases, including in the case of leases, the date of the termination of the lease, the correct name(s) and address(es) of the lessee(s) and, if recorded, the place of recordation)

2. The option is given to enable the Buyer to obtain a loan made by the United States of America, acting through the ☐ Rural Housing Service; ☐ Rural Utilities Service; ☐ Rural Business-Cooperative Service; ☐ Farm Service Agency, hereinafter called the "Government" for the purchase of said property. It is agreed that the Buyer's efforts to obtain a loan constitute a part of the consideration for this option and any downpayment will be refunded if the loan cannot be processed by the Government.

3. The total purchase price for said property is \$ \_\_\_\_\_; said amount

☐ includes ☐ excludes the \$ \_\_\_\_\_ mentioned in paragraph 1.

4. The Seller agrees to pay all expenses of title clearance including, if required, abstract or certificate of title or policy of title insurance, continued down to the date of acceptance of this option and thereafter continued down to and including date of recordation of the deed from the Seller to the Buyer, costs of survey, if required, and attorney's fees; and the Seller agrees that, except as herein provided, all taxes, liens, encumbrances or other interests in third persons will be satisfied discharged, or paid by the Seller including stamp taxes and other expenses incident to the preparation and execution of the deed and other evidences of title. Title evidences will be obtained from persons and be in such form as the Government shall approve.

*(Strike inapplicable language above or insert herein any different agreement regarding the paying of title clearance charges)*

5. The Seller also agrees to secure for the Buyer, from the records of the Farm Service Agency, aerial surveys of the property when available, all obtainable information relating to allotments and production history and any other information needed in connection with the consideration of the proposed purchase of the property.

6. The Seller further agrees to convey said property to the Buyer by general warranty deed (except where the law provides otherwise for conveyances by trustees, officers of courts, etc.) in the form, manner and at the time required by the "Government, conveying to the Buyer a valid, unencumbered, indefeasible fee-simple title to said property meeting all requirements of the Government, that the purchase price shall be paid at the time of recording such deed; and that said lands, including improvements, shall be delivered in the same condition as they now are, customary use and wear excepted.

7. Taxes, water assessments and other general and special assessments of whatsoever nature for the year in which the closing of the transaction takes place shall be prorated as of the date of the closing of the transaction, it being expressly agreed that for the purpose of such proration the tax year shall be deemed to be the calendar year. If the closing of the transaction shall occur before the tax rate is fixed, the apportionment of taxes shall be on the basis of the tax rate for the next preceding year applied to the latest assessed valuation.

*(Insert here any different tax agreement)*

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8. This option may be exercised by the Buyer, at any time while the offer herein shall remain in force, by mailing, telegraphing or delivering in person a written notice of acceptance of the offer herein to \_\_\_\_\_,

at \_\_\_\_\_, in the city of \_\_\_\_\_,

County of \_\_\_\_\_, State of \_\_\_\_\_.

The offer herein shall remain irrevocable for a period of \_\_\_\_\_ months from the date hereof and shall remain in force thereafter until one (1) year from the date hereof unless earlier terminated by the Seller. The Seller may terminate this offer at any time after the \_\_\_\_\_ months irrevocable period provided herein by giving to the Buyer ten (10) days written notice of intention to terminate at the address of the Buyer. Acceptance of this option by the Buyer within ten (10) days after such notice is received by the Buyer shall constitute a valid acceptance of the option.

9. Loss or damage to the property by fire or from an act of God shall be at the risk of the Seller until the deed to the Buyer has been recorded, and in the event that such loss or damage occurs, the Buyer may, without liability, refuse to accept conveyance of title, or may elect to accept conveyance of title, in which case there shall be an equitable adjustment of the purchase price.

10. The Seller agrees that, irrespective of any other provision in this option, the Buyer, or the Buyer's assignees, may, if the option is accepted, without any liability therefore refuse to accept conveyance of the property described herein if the foresaid loan cannot be made or insured because of defects in the title to other land now owned by, or being purchased by, the buyer.

11. The Seller agrees to furnish, at Seller's expense, to the Buyer a certificate from a reliable firm certifying that the following described building(s) covered by this option (a) is now free of termite infestation and (b) either is now free of unrepaired termite damage or has suffered unrepaired termite damage which is specifically described in the certificate.

12. The Seller agrees to furnish, at the Seller's expense, to the Buyer evidence from the Health Department or a reliable and competent source that the waste disposal system for the dwelling is functioning properly, and the water supply for domestic use meets State Health Department requirements. This evidence must be in the Agency Office before a loan will be approved.

13. The Seller hereby gives the Government or its agents consent to enter on said property at reasonable times for the purpose of inspecting or appraising it, in connection with the making of a loan to purchase the property.

14. Insert here conditions peculiar to this particular transaction.

(Sellers Telephone Number)

IN WITNESS WHEREOF, the Seller and the Buyer have set their hands and seals this \_\_\_\_\_ day  
of \_\_\_\_\_.

WITNESSES:

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(Seller)\*  
\_\_\_\_\_  
(Seller)\*  
\_\_\_\_\_  
(Buyer)\*  
\_\_\_\_\_  
(Buyer)\*  
\_\_\_\_\_  
\_\_\_\_\_

\*(Indicate marital status of Seller as "married", "legally separated", "unmarried", after signature)  
(over)

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*(For use if Seller is a corporation)*

IN WITNESS WHEREOF, the Seller has caused its corporate name to be hereunto subscribed by its \_\_\_\_\_  
President, and its duly attested corporate seal to be hereunto affixed by its \_\_\_\_\_  
Secretary, at \_\_\_\_\_, State of \_\_\_\_\_  
on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(CORPORATE SEAL)

\_\_\_\_\_  
*Name of Corporation*

ATTEST: \_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_  
Secretary. \_\_\_\_\_ President.

ACKNOWLEDGMENT